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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
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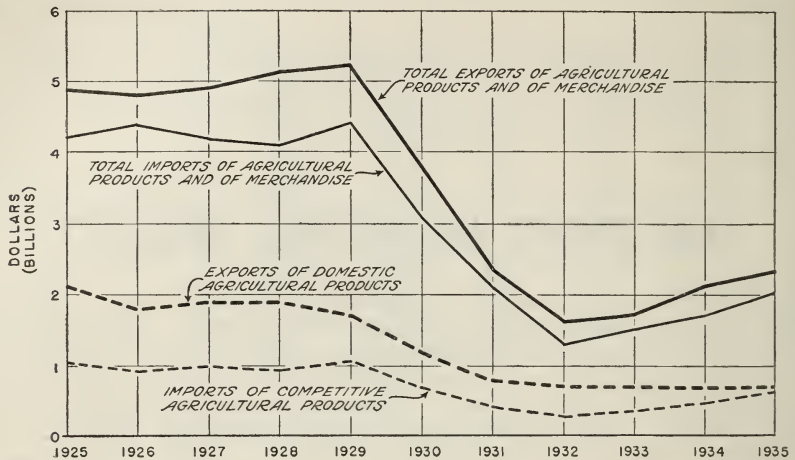
FARM IMPORTS AND NATIONAL PROSPERITY

EXPORTS and imports of merchandise, including farm products, tend over long periods to rise and fall together. The imports of one nation are always the exports of some other nation. Our imports are the principal means through which other nations pay the United States for its exports to them. Other nations buy our dollars with their goods. They have to spend those dollars ultimately in this country. There is no way around it. Hence, when we buy more it means that we are going to sell more. So imports and exports inevitably rise and fall together.

Furthermore, a good domestic market for farm products tends to attract imports of such products over United States tariff walls. These tariff walls can benefit American farmers only when price conditions are favorable. For example, the wheat tariff of 42 cents a bushel is usually of no benefit to wheat farmers. It is usually ineffective and there are little or no imports of wheat. But occasionally, when domestic supplies are short, the tariff is effective. The evidence of its effectiveness is the fact that prices are high enough to attract some imports of wheat.

The following tables and charts show how exports, farm prices, farm income, and factory pay rolls usually rise when imports rise and fall when imports decline. This does not mean that unlimited imports would be a good thing, but it does mean that the prosperity of nations is generally greatest when there is a maximum of trade among them—just as the prosperity of city and country is greatest when each is consuming the largest quantities of the other's goods. It does not mean that groups of producers cannot be harmed by sudden increases in imports of the commodity they produce. But it does mean that a moderate tariff policy which encourages international trade is accompanied by greater prosperity than is an extreme tariff policy which throttles international trade.

CHART I.—Relation Between Exports and Imports of all Merchandise and of Agricultural Products, 1925–1935.

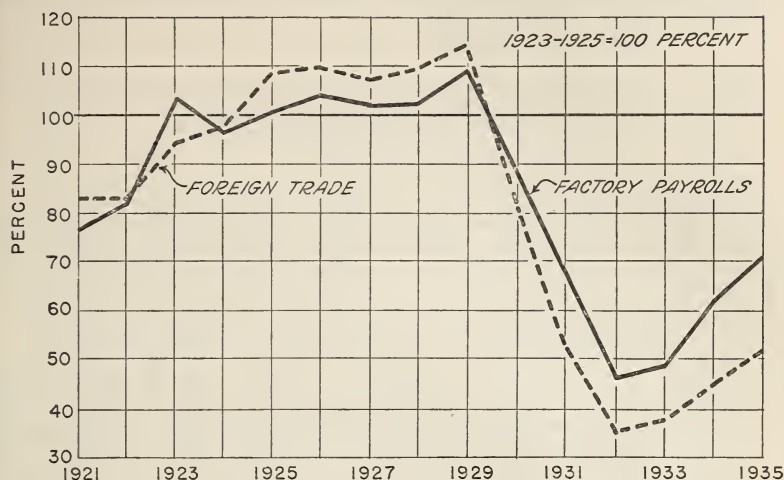


When imports are large, exports also are large. This is apparent from table 1 and chart I, covering the record of imports and exports for 11 years. As imports dropped in the period 1928–1932, the value of American exports, both manufactured and agricultural, followed the downward trend. Falling exports of American-manufactured goods meant unemployment and lowered buying power of city workers; falling exports of American farm goods meant price-breaking surpluses, low farm income, and inability of American farmers to buy the products of American factories.

TABLE 1.—Relation between exports and imports of merchandise, in foreign trade of the United States, 1925–1935

Year	Total exports (millions of dollars)	Total imports (millions of dollars)	Year	Total exports (millions of dollars)	Total imports (millions of dollars)
1925.....	4,910	4,227	1931.....	2,424	2,091
1926.....	4,809	4,431	1932.....	1,611	1,323
1927.....	4,865	4,185	1933.....	1,675	1,450
1928.....	5,128	4,091	1934.....	2,133	1,655
1929.....	5,241	4,399	1935.....	2,282	2,047
1930.....	3,843	3,061			

CHART II.—Foreign Trade in Merchandise, and Pay Rolls in Manufacturing Industry, 1921–1935



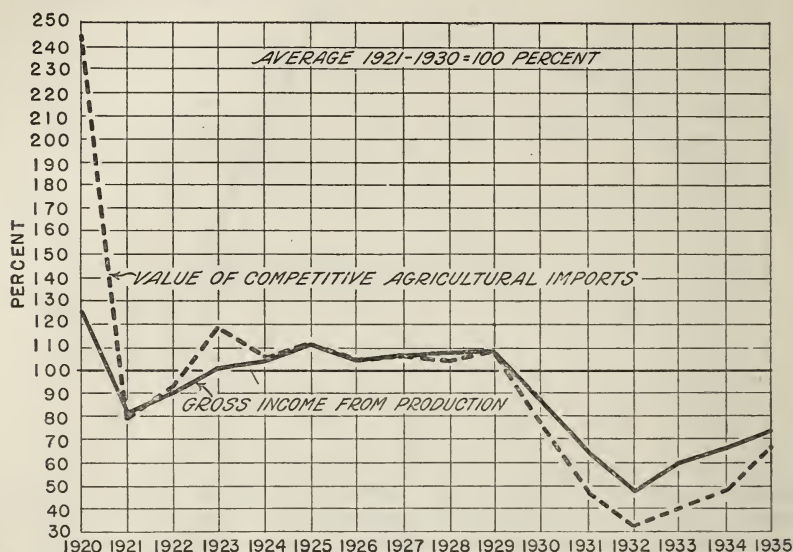
Industrial production, pay rolls, employment, and national purchasing power follow the same course as does the trend in foreign trade. In table 2 and chart II, pay-roll figures, as an index of industrial activity, are compared with the volume of foreign trade, the 1923–1935 level being taken as 100 percent. From 1921 to 1930 both curves rose, but the foreign trade curve was higher in relation to the base, than was the pay-roll figure. In 1929 foreign nations turned more definitely toward an attitude of nationalistic self-sufficiency when war fears spread and when vast loans that had been made by the United States and used by these nations to buy American goods, were discontinued. This attitude was expressed, in part, by barriers against American goods. Hence the deep drop in our foreign trade. Factory pay rolls fell as the foreign market for American factory goods narrowed. Since 1932 both pay rolls and foreign trade have risen, the former more rapidly as recovery measures taken by the Government have taken effect.

TABLE 2.—The relation of pay rolls in manufacturing industry to foreign trade in merchandise

[1923-1925=100]

Year	Foreign trade	Factory pay rolls	Year	Foreign trade	Factory pay rolls
1921	82.9	76.2	1929	114.3	109.1
1922	82.4	81.3	1930	81.9	88.7
1923	94.4	103.3	1931	53.5	67.5
1924	97.3	96.1	1932	34.8	46.1
1925	108.4	100.6	1933	37.1	48.5
1926	109.6	103.8	1934	44.9	61.9
1927	107.3	101.8	1935	51.3	70.3
1928	109.3	102.4			

CHART III.—Relation Between Value of Competitive Agricultural Imports and Gross Income from Farm Production, 1920-1935



Farmers' gross income from production follows very closely the imports of competitive agricultural products, giving further indication that the volume of such imports attracted to the American market is related to the profitableness of that market for American farmers. The relationship is shown in table 3 and chart III.

"Competitive agricultural products" include imports that compete with products produced in the United States, either because they are similar or are directly substituted to a considerable extent. Such imports may respond to changes in general purchasing power or they may show the effects of changes in domestic production of farm products.

From 1920 through 1929, gross annual farm income from production averaged \$11,356,000,000 and the value of competitive agricultural imports averaged \$1,092,300,000. In 1930 both figures began a decline; in 1932 gross farm income was \$5,337,000,000 and the value of competitive agricultural imports was \$296,000,000.

In the period 1932-1935 both figures climbed hand in hand. Average annual gross income for this period was \$6,780,000,000 and annual value of competitive agricultural imports averaged \$436,500,000.

In 1920-1929, competitive import value averaged about 9.6 percent of gross farm income; in 1932-1935, less than 6.5 percent.

TABLE 3.—*Relation between competitive agricultural imports and farm income, 1920-1935*

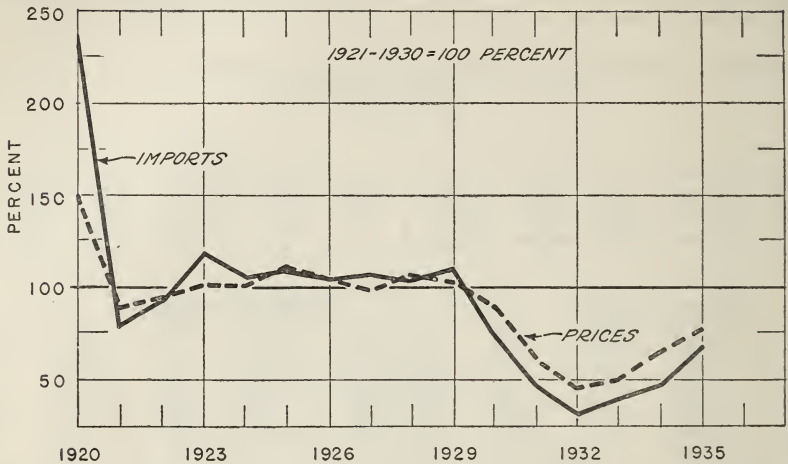
[1921-1930=100]

Year ended Dec. 31—	Gross income from farm production	Competitive agricultural imports	Gross income from farm production	Competitive agricultural imports	Year ended Dec. 31—	Gross income from farm production	Competitive agricultural imports	Gross income from farm production	Competitive agricultural imports
	<i>Millions of dollars</i>	<i>Millions of dollars</i>				<i>Millions of dollars</i>	<i>Millions of dollars</i>		
1920-----	13,566	2,264	124	242	1928-----	11,741	961	107	103
1921-----	8,927	739	82	79	1929-----	11,941	1,017	109	109
1922-----	9,944	865	91	92	1930-----	9,454	699	86	75
1923-----	11,041	1,105	101	118	1931-----	6,968	446	64	48
1924-----	11,337	991	104	106	1932-----	5,337	296	49	32
1925-----	11,963	1,016	109	109	1933-----	¹ 6,406	377	59	40
1926-----	11,480	971	105	104	1934-----	¹ 7,266	² 450	66	48
1927-----	11,616	994	106	106	1935-----	¹ 8,110	² 623	74	67

¹ Includes income from rental and benefit payments of 278 million dollars for 1933, and 594 million dollars for 1934, and 480 million dollars for 1935.

² Imports for consumption.

CHART IV.—Competitive Agricultural Imports and Farm Prices, 1920-1935



Evidence that a good domestic market for American farmers, and a good price for their products, are associated with increased values of imports of so-called "competitive agricultural products" is shown in table 4 and chart IV. Cause and effect are intermingled. Only when the American farmer's market is good and American farm prices are attractive can foreign products pay production costs, transportation costs, and the United States tariff, and still sell profitably on the American market. At the same time, the foreign producers of this commodity obtain money or credit which they can and do use to buy American goods, both agricultural and industrial. Foreign buying of either kind of goods improves the American farmer's market.

TABLE 4.—Relation between competitive agricultural imports and domestic farm prices, 1920-1935

[1921-1930=100]

Year	Value of competitive agricultural imports	United States farm prices	Year	Value of competitive agricultural imports	United States farm prices
1920.....	242	151	1928.....	103	106
1921.....	79	89	1929.....	109	104
1922.....	92	94	1930.....	75	90
1923.....	118	101	1931.....	43	62
1924.....	106	102	1932.....	32	46
1925.....	109	111	1933.....	40	50
1926.....	104	103	1934.....	48	64
1927.....	106	99	1935.....	67	77

Same Principle Holds For Individual Commodities.

The relationship that exists among total foreign trade, imports, exports, farm income, farm prices, employment, pay rolls, and other economic phenomena, exists also among specific agricultural commodities, their prices and the farm income from them, and the volume of imports. The same principle holds—the better the domestic farm market, the more attractive it is to foreign products.

The following tables and charts demonstrate the operation of this principle with regard to beef cattle and beef products, hogs and hog products, dairy products, grains, fruits, nuts, vegetables and their preparations.

CHART V.—Farm Prices and Value of Imports of Beef Cattle and Beef Products, 1914–1936 (years ended June 30)

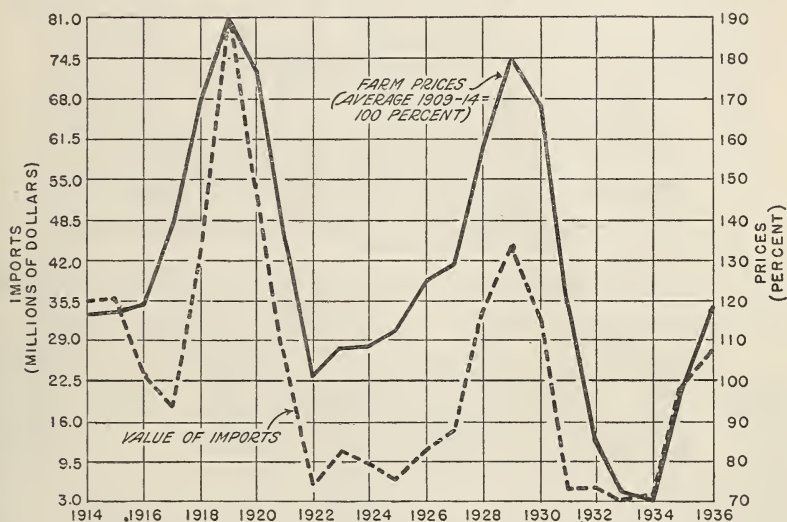


TABLE 5.—Relation of imports and domestic prices of beef cattle and beef products, 1914–1936

Year ended June 30	Index number of farm prices (August 1909–July 1914 = 100)	Imports, cattle and calves and beef products, value ¹	Year ended June 30	Index number of farm prices (August 1909–July 1914 = 100)	Imports, cattle and calves and beef products, value ¹
1914	116.7	\$35,357,021	1926	124.8	\$11,417,294
1915	117.4	35,890,580	1927	129.0	14,394,304
1916	118.8	22,810,996	1928	157.9	33,272,345
1917	139.5	18,474,974	1929	179.2	44,145,794
1918	169.0	42,622,639	1930	168.7	32,749,635
1919	189.5	80,745,758	1931	119.1	5,357,871
1920	176.6	54,023,938	1932	85.5	5,227,933
1921	134.9	31,837,792	1933	72.5	3,597,911
1922	100.9	6,141,660	1934	70.5	3,878,390
1923	108.1	10,925,478	1935	² 95.3	21,207,323
1924	108.4	9,664,230	1936	² 117.9	27,258,227
1925	112.9	6,491,187			

¹ So far as available, fresh, canned salted and pickled beef, tallow, and oleo oil.

² Preliminary.

CHART VI.—Farm Prices and Value of Imports of Hogs and Hog Products, 1914-1935 (years ended June 30)

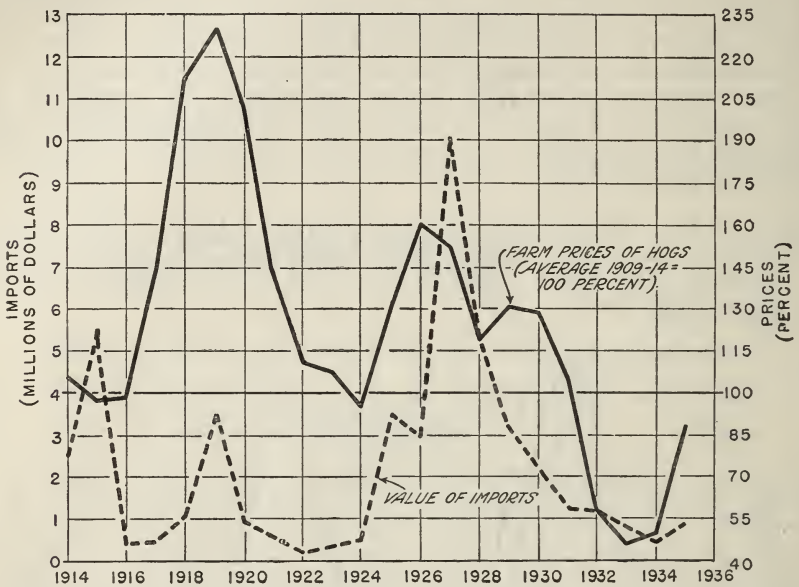


TABLE 6.—Relation between imports and domestic prices of hogs and hog products

Year ended June 30	Index num- ber of farm prices (August 1909-July 1914=100)	Value	Imports of live hogs and hog products value ¹ index (average 1928-32= 100)	Year ended June 30	Index num- ber of farm prices (August 1909-July 1914=100)	Value	Imports of live hogs and hog products value ¹ index (average 1928-32= 100)
1914	105.2	\$2,445,832	91.6	1925	131.6	\$3,511,941	131.5
1915	97.3	5,521,582	206.7	1926	160.1	2,978,327	111.5
1916	99.2	389,263	14.6	1927	152.5	10,021,614	375.2
1917	144.3	448,168	16.8	1928	119.0	5,387,155	201.7
1918	211.5	1,043,451	39.1	1929	131.5	3,281,259	122.8
1919	229.3	3,525,393	132.0	1930	128.6	2,121,380	79.4
1920	202.1	985,311	36.9	1931	104.7	1,341,467	50.2
1921	143.7	562,312	21.0	1932	59.2	1,225,334	45.9
1922	110.7	266,542	10.0	1933	47.3	846,229	31.7
1923	107.9	379,236	14.2	1934	49.9	556,782	20.8
1924	94.0	520,726	19.5	1935	88.0	² 933,504	34.9

¹ So far as available includes fresh, canned and pickled pork, bacon, hams, and shoulders, Wiltshire and Cumberland sides, lard, neutral lard, and lard oil.

² Preliminary.

CHART VII.—Domestic Prices and Value of Imports of Dairy Products, 1914-1935 (Years Ended June 30)

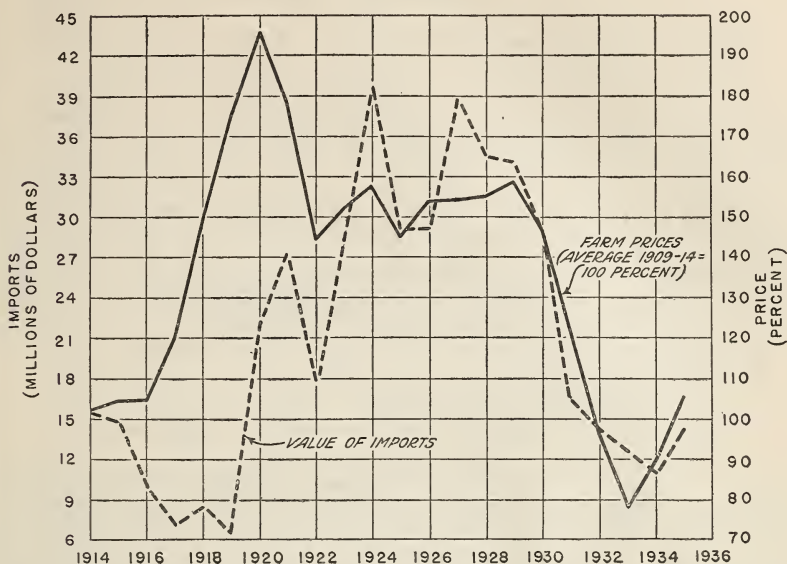


TABLE 7.—Relation between imports and domestic prices of dairy products, 1914-1935

Year ended June 30—	Dairy prices, index numbers (August 1909- July 1914=100)	Imports, total dairy prod- ucts value ¹	Year ended June 30—	Dairy prices, index numbers (August 1909- July 1914=100)	Imports, total dairy prod- ucts value ¹
1914.....	102	\$15,367,518	1925.....	145	\$29,068,481
1915.....	104	14,705,636	1926.....	154	29,252,408
1916.....	104	9,828,725	1927.....	154	38,952,162
1917.....	120	7,068,840	1928.....	155	34,464,801
1918.....	149	8,379,913	1929.....	159	33,987,943
1919.....	175	6,329,824	1930.....	147	28,979,000
1920.....	196	21,842,886	1931.....	122	16,700,000
1921.....	178	27,355,624	1932.....	96	14,233,000
1922.....	144	17,521,713	1933.....	78	12,542,000
1923.....	152	28,211,706	1934.....	90	10,958,000
1924.....	158	39,690,861	1935.....	106	² 14,302,000

¹ Includes butter, cheese, fresh milk and cream; condensed, evaporated, and powdered milk, infants food, and malted milk.

² Preliminary.

CHART VIII.—Farm Price and Value of Imports of Grains, 1920–1935

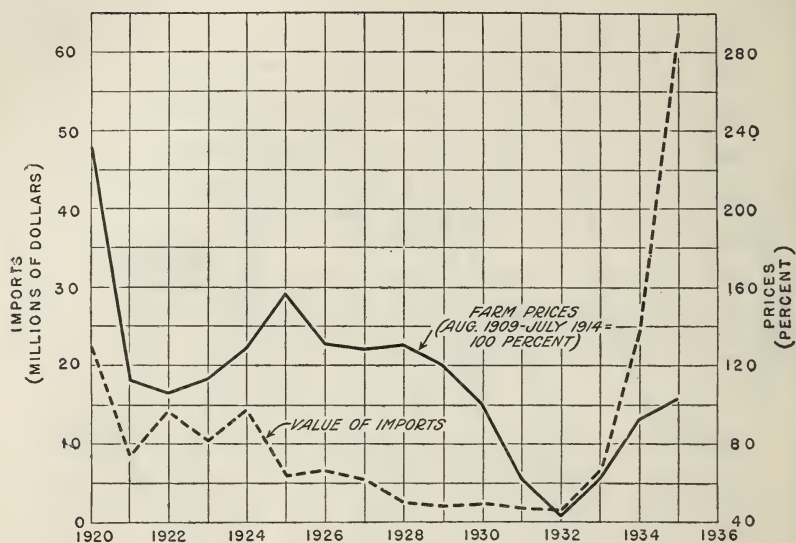
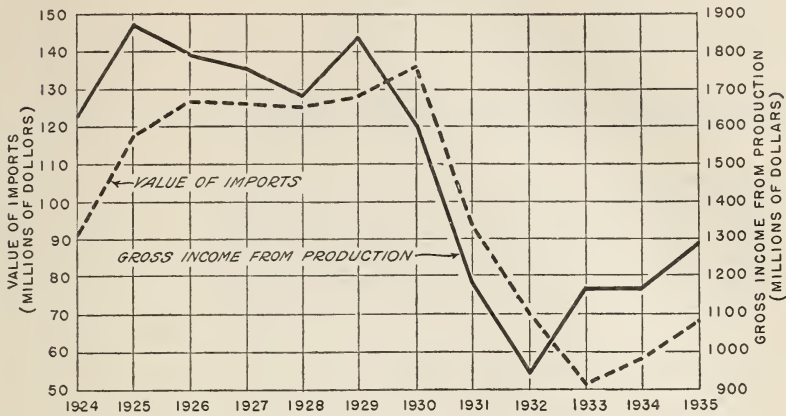


TABLE 8.—Farm prices and value of imports of grains,¹ 1920–1935

Calendar year	Imports value	Farm prices (August 1909–July 1914=100)	Calendar year	Imports value	Farm prices (August 1909–July 1914=100)
1920.....	\$22,616,483	232	1928.....	\$2,562,066	130
1921.....	8,564,801	112	1929.....	1,946,694	120
1922.....	14,105,134	106	1930.....	2,357,957	100
1923.....	10,320,945	113	1931.....	1,896,899	63
1924.....	14,225,573	129	1932.....	1,443,794	44
1925.....	5,789,728	157	1933.....	6,629,163	62
1926.....	6,521,400	131	1934.....	24,479,825	93
1927.....	5,645,643	128	1935.....	62,594,347	103

¹ Wheat, corn, oats, barley, rye, and rice.

CHART IX.—Value of Imports and Gross Income from Production of Fruits, Nuts, and Vegetables, 1924–1935 (Years Ended June 30)



The gross income and import figures contained in table 9 are not strictly comparable, because the commodities upon which the figures are based are not the same in both cases. Nor are all the commodities upon which the import figures are based strictly competitive in nature.

However, this table and chart IX based thereon do indicate that a good market for imported fruits, nuts, and vegetables is likewise a relatively good market for domestic produce; and that large imports and large income are not incompatible, but on the contrary go hand in hand.

TABLE 9.—Value of fruits, nuts, and vegetables, and preparations imported into the United States, and gross income from production of fruits, nuts, and vegetables, 1921–1922 to 1934–1935

Year—July-June	Imports (thousand dollars)	Gross in- come (million dollars)	Year—July-June	Imports (thousand dollars)	Gross in- come (million dollars)
1921.....	102,746	-----	1929.....	135,477	1,837
1922.....	95,892	-----	1930.....	93,342	1,501
1923.....	90,573	-----	1931.....	70,164	1,183
1924.....	117,193	1,624	1932.....	50,929	935
1925.....	126,205	1,876	1933.....	57,712	1,166
1926.....	125,929	1,787	1934.....	67,710	1,165
1927.....	125,082	1,752	1935.....	-----	1,279
1928.....	127,480	1,672			

